

**BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

**ARNOLD CHARLES LIBMAN**  
683 Camillo Street  
Sierra Madre, CA 91024

**Certified Public Accountant Certificate No.  
18769**

Respondent.

Case No. AC-2011-18

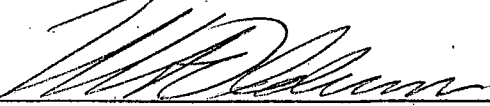
OAH No. 2012031176

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on October 27, 2012.

It is so ORDERED September 27, 2012.

  
\_\_\_\_\_  
FOR THE CALIFORNIA BOARD OF  
ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS  
Attorney General of California  
2 GREGORY J. SALUTE  
Supervising Deputy Attorney General  
3 HEATHER HUA  
Deputy Attorney General  
4 State Bar No. 223418  
300 So. Spring Street, Suite 1702  
5 Los Angeles, CA 90013  
Telephone: (213) 897-2574  
6 Facsimile: (213) 897-2804  
*Attorneys for Complainant*

7  
8 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Case No. AC-2011-18

11 **ARNOLD CHARLES LIBMAN**  
12 **683 Camillo Street**  
13 **Sierra Madre, CA 91024**

OAH No. 2012031176

14 **Certified Public Accountant Certificate No.**  
15 **18769**

**STIPULATED SETTLEMENT AND**  
**DISCIPLINARY ORDER**

16 Respondent.

17  
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
19 entitled proceedings that the following matters are true:

20 **PARTIES**

21 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of  
22 Accountancy. She brought this action solely in her official capacity and is represented in this  
23 matter by Kamala D. Harris, Attorney General of the State of California, by Heather Hua, Deputy  
24 Attorney General.

25 2. Respondent Arnold Charles Libman (Respondent) is representing himself in this  
26 proceeding and has chosen not to exercise his right to be represented by counsel.  
27  
28

1           3.     On or about April 27, 1973, the California Board of Accountancy issued Certified  
2 Public Accountant Certificate No. 18769 to Arnold Charles Libman (Respondent). The Certified  
3 Public Accountant Certificate will expire on November 1, 2012, unless renewed.

4                                   **JURISDICTION**

5           4.     Accusation No. AC-2011-18 was filed before the California Board of Accountancy  
6 (CBA) , Department of Consumer Affairs, and is currently pending against Respondent. The  
7 Accusation and all other statutorily required documents were properly served on Respondent on  
8 January 11, 2012. Respondent timely filed his Notice of Defense contesting the Accusation.

9           5.     A copy of Accusation No. AC-2011-18 is attached as exhibit A and incorporated  
10 herein by reference.

11                                   **ADVISEMENT AND WAIVERS**

12           6.     Respondent has carefully read, and understands the charges and allegations in  
13 Accusation No. AC-2011-18. Respondent has also carefully read, and understands the effects of  
14 this Stipulated Settlement and Disciplinary Order.

15           7.     Respondent is fully aware of his legal rights in this matter, including the right to a  
16 hearing on the charges and allegations in the Accusation; the right to be represented by counsel at  
17 his own expense; the right to confront and cross-examine the witnesses against him; the right to  
18 present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel  
19 the attendance of witnesses and the production of documents; the right to reconsideration and  
20 court review of an adverse decision; and all other rights accorded by the California  
21 Administrative Procedure Act and other applicable laws.

22           8.     Respondent voluntarily, knowingly, and intelligently waives and gives up each and  
23 every right set forth above.

24                                   **CULPABILITY**

25           9.     Respondent admits the truth of each and every charge and allegation in Accusation  
26 No. AC-2011-18.

10. Respondent agrees that his Certified Public Accountant Certificate is subject to discipline and he agrees to be bound by the CBA's probationary terms as set forth in the Disciplinary Order below.

## CONTINGENCY

11. This stipulation shall be subject to approval by the California Board of Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of the California Board of Accountancy may communicate directly with the CBA regarding this stipulation and settlement, without notice to or participation by Respondent. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the CBA considers and acts upon it. If the CBA fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the CBA shall not be disqualified from further action by having considered this matter.

12. The parties understand and agree that facsimile copies of this Stipulated Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

13. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

14. In consideration of the foregoing admissions and stipulations, the parties agree that the CBA may, without further notice or formal proceeding, issue and enter the following Disciplinary Order:

**DISCIPLINARY ORDER**

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 18769 issued to Arnold Charles Libman (Respondent) is revoked. However, the revocation is stayed and Respondent is placed on probation for three (3) years on the following terms and conditions.

1. **Actual Suspension.** Certified Public Accountant Certificate No. 18769 issued to Arnold Charles Libman is suspended for one (1) year. During the period of suspension the Respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

2. **Obey All Laws.** Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

3. **Submit Written Reports.** Respondent shall submit, within ten (10) days of completion of the quarter, written reports to the CBA on a form obtained from the CBA. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to Respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the CBA or its representatives.

4. **Personal Appearances.** Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the CBA or its designated representatives, provided such notification is accomplished in a timely manner.

5. **Comply With Probation.** Respondent shall fully comply with the terms and conditions of the probation imposed by the CBA and shall cooperate fully with representatives of the Board of Accountancy in its monitoring and investigation of the Respondent's compliance with probation terms and conditions.

6. **Practice Investigation.** Respondent shall be subject to, and shall permit, practice investigation of the Respondent's professional practice. Such a practice investigation shall be conducted by representatives of the CBA, provided notification of such review is accomplished in

1 a timely manner.

2 7. **Comply With Citations.** Respondent shall comply with all final orders resulting  
3 from citations issued by the Board of Accountancy.

4 8. **Tolling of Probation For Out-of-State Residence/Practice.** In the event  
5 Respondent should leave California to reside or practice outside this state, Respondent must  
6 notify the CBA in writing of the dates of departure and return. Periods of non-California  
7 residency or practice outside the state shall not apply to reduction of the probationary period, or  
8 of any suspension. No obligation imposed herein, including requirements to file written reports,  
9 reimburse the CBA costs, or make restitution to consumers, shall be suspended or otherwise  
10 affected by such periods of out-of-state residency or practice except at the written direction of the  
11 CBA.

12 9. **Violation of Probation.** If Respondent violates probation in any respect, the CBA,  
13 after giving Respondent notice and an opportunity to be heard, may revoke probation and carry  
14 out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is  
15 filed against Respondent during probation, the CBA shall have continuing jurisdiction until the  
16 matter is final, and the period of probation shall be extended until the matter is final.

17 10. **Completion of Probation.** Upon successful completion of probation, Respondent's  
18 license will be fully restored.

19 11. **Ethics Continuing Education.** Respondent shall complete four hours of continuing  
20 education in course subject matter pertaining to the following: a review of nationally recognized  
21 codes of conduct emphasizing how the codes relate to professional responsibilities; case-based  
22 instruction focusing on real-life situational learning; ethical dilemmas facing the accounting  
23 profession; or business ethics, ethical sensitivity, and consumer expectations (within a given  
24 period of time or prior to resumption of practice). Courses must be a minimum of one hour as  
25 described in California Code of Regulations Section 88.2. (Courses will be passed prior to  
26 resumption of practice where license has been suspended or where otherwise appropriate.)

27 If Respondent fails to complete said courses within the time period provided, Respondent  
28 shall so notify the CBA and shall cease practice until Respondent completes said courses, has

submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation.

12. **Continuing Education Courses.** Respondent shall complete and provide proper documentation of 24 hours of professional education courses for license renewal in addition to the required 80 hours. Respondent shall complete professional education courses as specified by the CBA or its designee at the time of Respondent's first probation appearance. The professional education courses shall be completed within a period of time designated and specified in writing by the CBA or its designee, which time-frame shall be incorporated as a condition of this probation. This shall be in addition to continuing education requirements for relicensing.

Failure to satisfactorily complete the required courses as scheduled or failure to complete same no later than 100 days prior to the termination of probation shall constitute a violation of probation.

13. **Cost Reimbursement.** Respondent shall reimburse the CBA six thousand nine hundred twenty-eight and eighty cents (\$6,928.80) for its investigation and prosecution costs. The payment shall be made in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate.

14. **Active License Status.** Respondent shall at all times maintain an active status license with the CBA, including during any period of suspension. If the license is expired at the time the CBA's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

///

///

///

///

///

///

///

**ACCEPTANCE**

I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: \_\_\_\_\_

*Signature page attached*  
\_\_\_\_\_  
**ARNOLD CHARLES LIBMAN**  
Respondent

**ENDORSEMENT**

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated: \_\_\_\_\_

Respectfully submitted,

KAMALA D. HARRIS  
Attorney General of California  
GREGORY J. SALUTE  
Supervising Deputy Attorney General

HEATHER HUA  
Deputy Attorney General  
*Attorneys for Complainant*

LA2011600618  
51137265\_2.doc



ACCEPTANCE

I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED:

August 9, 2012 Arnold Charles Libman

ARNOLD CHARLES LIBMAN  
Respondent

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated:

August 10, 2012

Respectfully submitted,

KAMALA D. HARRIS  
Attorney General of California  
GREGORY J. SALUTE  
Supervising Deputy Attorney General

Heather Hua

HEATHER HUA  
Deputy Attorney General  
Attorneys for Complainant

LA2011600618  
51137265.doc

**Exhibit A**

**Accusation No. AC-2011-18**

1 KAMALA D. HARRIS  
Attorney General of California  
2 GREGORY SALUTE  
Supervising Deputy Attorney General  
3 HEATHER HUA  
Deputy Attorney General  
4 State Bar No. 223418  
300 So. Spring Street, Suite 1702  
5 Los Angeles, CA 90013  
Telephone: (213) 897-2574  
6 Facsimile: (213) 897-2804  
*Attorneys for Complainant*  
7

8 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
9 **DEPARTMENT OF CONSUMER AFFAIRS**  
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case No. AC-2011-18

12 **ARNOLD CHARLES LIBMAN**  
2741 Kelburn Avenue  
13 Rosemead, CA 91770

**A C C U S A T I O N**

14 and

15 #55742-112  
CI Taft, Correctional Institution  
16 PO Box 7001  
Taft, CA 93268

17 Certified Public Accountant Certificate No. 18769

18 Respondent.

19  
20  
21 Complainant alleges:

22 **PARTIES**

23 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as  
24 the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs  
25 (Board).

26 2. On or about April 27, 1973, the Board issued Certified Public Accountant Certificate  
27 No. 18769 to Arnold Charles Libman (Respondent). The Certified Public Accountant Certificate  
28 expired on October 31, 2010, and has not been renewed.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

2  
3

## 4

5  
6  
7

8  
9  
0  
1  
2  
3

4

5  
6  
7  
8

9  
20

21

22  
23  
24  
25  
26

27

28

1 under the authority granted under this chapter.

2 ....  
3 "(j) Knowing preparation, publication, or dissemination of false, fraudulent, or materially  
4 misleading financial statements, reports, or information. . . ."

5 7. Section 5106 states:

6 "A plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to  
7 be a conviction within the meaning of this article. The record of the conviction shall be  
8 conclusive evidence thereof. The board may order the certificate or permit suspended or revoked,  
9 or may decline to issue a certificate or permit, when the time for appeal has elapsed, or the  
10 judgment of conviction has been affirmed on appeal or when an order granting probation is made,  
11 suspending the imposition of sentence, irrespective of a subsequent order under the provisions of  
12 Section 1203.4 of the Penal Code allowing such person to withdraw his plea of guilty and to enter  
13 a plea of not guilty, or setting aside the verdict of guilty or dismissing the accusation, information  
14 or indictment."

15 8. Section 5109 states that "[t]he expiration, cancellation, forfeiture, or suspension of a  
16 license, practice, privilege, or other authority to practice public accountancy by operation of law  
17 or by order or decision of the board or a court of law, or the voluntary surrender of a license by a  
18 licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation  
19 of or action or disciplinary proceeding against the licensee, or to render a decision suspending or  
20 revoking the license."

### 21 REGULATORY PROVISIONS

22 9. California Code of Regulations, title 16, section 99 states:

23 "For the purposes of denial, suspension, or revocation of a certificate or permit pursuant to  
24 Division 1.5 (commencing with Section 475) of the Business and Professions Code, a crime or act  
25 shall be considered to be substantially related to the qualifications, functions or duties of a  
26 certified public accountant or public accountant if to a substantial degree it evidences present or  
27 potential unfitness of a certified public accountant or public accountant to perform the functions  
28 authorized by his or her certificate or permit in a manner consistent with the public health, safety,

or welfare. Such crimes or acts shall include but not be limited to those involving the following:

"(a) Dishonesty, fraud, or breach of fiduciary responsibility of any kind;

....

"(c) Gross negligence in the practice of public accountancy or in the performance of the bookkeeping operations described in Section 5052 of the code;

"(d) Violation of any of the provisions of Chapter 1, Division III of the Business and Professions Code or willful violation of any rule or regulation of the board."

#### **COST RECOVERY**

10. Section 5107, subdivision (a), states:

"The executive officer of the board may request the administrative law judge, as part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate found to have committed a violation or violations of this chapter to pay to the board all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees. The board shall not recover costs incurred at the administrative hearing."

#### **FIRST CAUSE FOR DISCIPLINE**

##### **(Conviction of Substantially Related Crime)**

11. Respondent is subject to disciplinary action under sections 490 and 5100, subdivision (a), in conjunction with California Code of Regulations, title 16, section 99, in that on or about October 8, 2009, Respondent was convicted of a substantially related crime, as follows:

a. On or about October 8, 2009, after pleading guilty, Respondent was convicted of one felony count of violating 26 U.S.C. section 7206(2) [aiding in the preparation and presentation of fraudulent return] in the criminal proceeding entitled *United States of America v. Arnold C. Libman* (C.D. Cal., 2009, No. CR-09 00008). The Court sentenced Respondent to 18 months in prison, placed him on one (1) year probation, and ordered him to not engage in preparation of income tax returns or financial consultation without express approval of probation.

b. The circumstances underlying the conviction are that on or about February 9, 2004, Respondent prepared a United States Individual Income Tax Return, Form 1040, that was false and fraudulent as to a material matter and was submitted to the Internal Revenue Service for an

individual, T.C. Specifically, as a result of the false expenses on the tax return that Respondent prepared, the return falsely reported that T.C.'s tax liability was \$4,108.00. Without the false expense, T.C.'s reported (and true) tax liability would have been \$10,379.00.

## **SECOND CAUSE FOR DISCIPLINE**

### **(False, Fraudulent, or Materially Misleading Reports)**

12. Respondent is subject to disciplinary action under section 5100, subdivision (j), in that Respondent prepared false, fraudulent, or materially misleading financial reports, as follows:

a. On or about February 9, 2004, Respondent prepared a United States Individual Income Tax Return, Form 1040, that was false and fraudulent as to a material matter and was submitted to the Internal Revenue Service for an individual, T.C. Complainant refers to and by this reference incorporates the allegations set forth above in paragraph 11, subparagraphs (a) and (b), inclusive, as though set forth fully.

b. On or about January 7, 2009, after stipulation between the parties, Respondent was enjoined from engaging in certain tax return preparation conduct in the civil proceeding entitled *United States of America v. Arnold C. Libman* (C.D. Cal., 2006, No. CV 06 6311 RGK(CTx).

## **THIRD CAUSE FOR DISCIPLINE**

### **(Dishonest Acts)**

13. Respondent is subject to disciplinary action under section 5100, subdivision (c), in that Respondent committed acts of dishonesty, fraud, gross negligence, or repeated negligent acts in the practice of public accountancy. Complainant refers to and by this reference incorporates the allegations set forth above in paragraphs 11 - 12, inclusive, as though set forth fully.

## **FOURTH CAUSE FOR DISCIPLINE**

### **(Failure to Report to the Board)**

14. Respondent is subject to disciplinary action under sections 5100, subdivision (g), and 5063, in that Respondent failed to notify the Board within 30 days as required by the Board of his criminal conviction, and / or the civil court's order of permanent injunction regarding the dissemination of false, fraudulent, or materially misleading financial writings. Complainant refers to and by this reference incorporates the allegations set forth above in paragraphs 11 - 12,

1 inclusive, as though set forth fully.

2 PRAYER

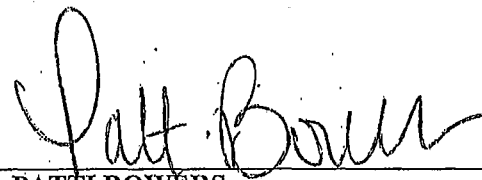
3 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,  
4 and that following the hearing, the Board issue a decision:

5 1. Revoking or suspending or otherwise imposing discipline upon Certified Public  
6 Accountant Certificate No. 18769; issued to Arnold Charles Libman;

7 2. Ordering Arnold Charles Libman to pay the Board the reasonable costs of the  
8 investigation and enforcement of this case, pursuant to section 5107;

9 3. Taking such other and further action as deemed necessary and proper.

10  
11  
12 DATED: December 30, 2011



13 **PATTI BOWERS**  
14 Executive Officer  
15 California Board of Accountancy  
16 Department of Consumer Affairs  
17 State of California  
18 Complainant

19  
20  
21  
22 LA2011600618 / 60666327.doc